

# Milestone Domestic Scheme - II



Newsletter for Quarter ended March 2016

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Dear Investors,

We are pleased to share with you our fund update on Milestone Domestic Scheme-II (The Fund) for the quarter January – March 2016.

Today, the Indian economy has been positioned as a stable economy with increasing growth prospects and a key investment destination. This is reflected in FDI hitting an all time high in January 2016 along with healthy GDP growth forecasts of 7.5% – 8% for the coming year.

The Government, in its Union Budget, has focused on growth enablers including agriculture, infrastructure, smart cities and affordable housing while simultaneously being committed to maintaining the fiscal deficit targets. This has paved the way for a decreasing interest rate regime. The Reserve Bank of India in its April policy has decreased the repo rate by 25 bps and further announced measures to increase liquidity in the financial system.

The launch of new residential units declined by 32% from 347,683 units in 2014 to 234,032 units in 2015 reflecting the focus of the developers to execute ongoing projects. The office segment has witnessed increased in absorption volumes and gradual decline in vacancy levels throughout the country. Though the residential sales velocity declined in 2015 as compared to 2014, it is expected that the above government measures along with improving employment scenario shall augment the demand for residential real estate.

With the improved market scenario, our developer partners are actively working towards providing us exit through refinancing and/or through their internal cash flows. However, the complete closure needs some hand holding and time. The funds expects to exit all portfolio investments by Q3, 2016.

I thank you all for your continued support.

A handwritten signature in blue ink that reads 'Nilesh Karkhanis'.

**Nilesh Karkhanis**  
Head - Projects

## Portfolio Updates

- For the Bhiwandi project, the Developer is in the process of arranging funds from financial institutions to buyback our stake in the Project

## Proposed Action

- The Fund expects to completely exit from the Dharuhera investment by Q2 2016

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## FUND SUMMARY AS ON MARCH 31, 2016

Funds Received	Rs. 398.0 Crores
Final Closing Date	30th November, 2008
Term	4 years + 1 year + 1 year
No. of Investments	13
Invested Amount	Rs. 317.0 Crores
Capital Divested	Rs. 217.3 Crores
Income Generated (Pre-tax)	Rs. 125.4 Crores
Total Divested Amount from Portfolio Companies	Rs. 342.7 Crores
Additional Distribution made	Rs. 53.9 Crores
<b>Total Divested Amount</b>	<b>Rs. 396.6 Crores (99%)</b>

## PORTFOLIO EXIT DETAILS AS ON MARCH 31, 2016

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No.	Project	Location	Capital Invested (A)	Capital Divested (B)	Income Generated (Pre Tax, Pre expenses) (C)	Total Exit (B+C)	% Capital Divested
1	ACORN Warehouse & Logistics Parks	Dharuhera, NCR	52.3	-	-	0.0	-
2	ACORN Warehouse & Logistics Parks	Bhiwandi, Mumbai	40.8	10.0	-	10.0	24.51%
3	Marvel I	Velachery, Chennai	9.0	5.9	-	5.9	65.56%
4	Kattima	Thoraipakkam, Chennai	2.0	-	-	0.0	
5	Ramaniyam (4 Projects)	Chennai	34.5	25.8	7.3	33.1	74.78%
6	Swarajya, (Neptune)	Ambivali, Kalyan, Mumbai	21.8	19.5	7.3	26.8	89.45%
<b>FULLY EXITED INVESTMENTS</b>							
7	Assa House II	Kingsway, Nagpur	8.5	8.0	0.0	8.0	100.00%
8	Horizon	Shivaji Park, Mumbai	50.0	50.0	22.9	72.9	100.00%
	Sundernagar	Kalina Mumbai					
9	Prakriti (Godrej)	Sodepur, Kolkata	46.1	46.1	52.4	98.5	100.00%
10	Insignia (Dheeraj)	Kalina, Mumbai	20.0	20.0	13.0	33.0	100.00%
11	Belfort	Pondicherry	20.0	20.0	16.6	36.6	100.00%
12	Pushkar II, (Salaam Towers)	Sholinganallur, Chennai	12.0	12.0	5.9	17.9	100.00%
<b>Total</b>			<b>317.0</b>	<b>217.3</b>	<b>125.4</b>	<b>342.7</b>	

## ACORN Warehouses and Logistics Parks, NCR



Location	Dharuhera, NCR
Partner	Milestone Group
Invested Amount	Rs. 52.3 Crores
Date of Initial Investment	June 2008
Land Area	66.00 Acres

### Transaction Overview and Investment Rationale

The Fund has invested in a warehousing facility in Dharuhera, in the National Capital Region. The overall project plan is to jointly develop 1.65 mn sq ft of warehousing units in Dharuhera. Three PEB blocks amount to 432,000 sq ft leasable area of which 406,452 sq ft is leased out at an average rental of Rs 15 per sq ft. Efforts are on to lease the remaining vacant area.

### Exit Status

Due diligence and documentation by prospective buyers is underway and at an advanced stage. We expect to completely exit from this Project in Q2 2016.

## ACORN Warehouses and Logistics Parks, Mumbai



Location	Bhiwandi, Mumbai
Partner	Rudrapratap Developers
Asset Class	Integrated Logistic Park
Invested Amount	Rs. 40.8 Crores
Date of Initial Investment	August 2009
Land Area	60 Acres

### Transaction Overview and Investment Rationale

Milestone jointly owns the land with the developer and had invested to develop warehousing facility in Bhiwandi, on the outskirts of Mumbai. Due to appreciation in land values, fund believes a residential project may offer higher value. Final Development Plan has been notified.

### Exit Status

The Fund has reached an understanding with the Developer to buyback the Fund's stake in the Project. The Developer is in the process of arranging funds to provide an exit by raising finance against his other assets and the fund is closely monitoring the process. The Funds expects to make a full exit by Q3, 2016.

## Marvel, Chennai



Location	Velacherry, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 9.0 Crores
Date of Initial Investment	August 2010
Total Saleable Area	178,000 sq ft (approximately)

### Transaction Overview

The project is a residential project in partnership with Ramaniyam Real Estates Pvt. Ltd. and is located in Velachery, a well developed residential area of Chennai.

### Exit Status

The Fund has signed the exit agreement with the developer and expects to exit the Project by Q3 2016 on completion of refinancing through banks.

## Kattima, Chennai



### Exit Status

The Fund has signed the exit agreement and expects to completely exit the project in Q3 2016

## Various, Chennai



### Exit Status

The Fund has already exited 75% of the capital invested. For the balance investment, Fund is in discussions with the developer and expects to exit in Q3 2016.

## Swaraja, Mumbai



### Exit Status

The Fund has signed the exit agreement with the developer and expects to exit the balance capital investment of Rs 2.2 crores by May 2016.

Location	Thoraipakkam, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 2.0 Crores
Date of Initial Investment	February 2011
Total Saleable Area	192,000 sq ft (approximately)

### Transaction Overview

The project is a premium residential project in partnership with Ramaniyam Real Estates Pvt. Ltd. and is located in Thoraipakkam, around Rajiv Gandhi Salai (OMR), an area that has evolved into a premier IT corridor.

Location	Thiruvanniyur, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 34.5 Crores
Date of Initial Investment	May 2011
Total Saleable Area	550,000 sq ft (approximately)

### Transaction Overview

The investment is across four residential projects located across Chennai in Velachery, Mandaveli and Thiruvanniyur and in partnership with Ramaniyam Real Estates Pvt. Ltd. Ramaniyam Group had entered into a Joint Development Agreement with M/s Land Marvel Homes for the development of these projects.

Location	Ambivali, Mumbai
Partner	Neptune Group
Invested Amount	Rs. 21.8 Crores
Date of Initial Investment	May 2011
Total Saleable Area	5,700,000 sq ft

### Transaction Overview and Investment Rationale

The Fund has invested in an affordable housing project located in Ambivali near Kalyan in the Mumbai Metropolitan Region. The project is being developed by Neptune Group, and is spread across 115 acres spread across 6 Phases and 3 Sectors.

For Queries Contact: [info@milestonecapital.in](mailto:info@milestonecapital.in) OR Call CAMS : +91 44 3021 2493/94, 2843 2493/94

Write to: Computer Age Management Services Pvt. Ltd. (CAMS)

Unit : Milestone, 158, Rayala Towers, Tower I, V Floor, Anna Salai, Chennai - 600 002



**MILESTONE CAPITAL ADVISORS LIMITED**

602, Hallmark Business Plaza, Sant Dhyaneshwar Marg, Opp. Guru Nanak Hospital  
Bandra (East), Mumbai - 400051. India.

email: [info@milestonecapital.in](mailto:info@milestonecapital.in), website: [www.milestonecapital.in](http://www.milestonecapital.in)

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